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Development aid as a social process

Development aid and cooperation bring money, goods and people from the so called developed countries to the have-nots of our world (and vice versa). In this paper we want to discuss what development is about and develop some ideas about how it could be applied in a better way to let developing countries develop their possibilities, their economies, and their independence.

We want to focus our discussion on development cooperation, leaving out humanitarian relief as not belonging to our discussion, even though a great part of the transference of western countries to developing countries is in response to disasters, civil wars, human rights violations and famine.

We will briefly discuss the history of development aid in order to provide a background, continuing with a discussion of the term “development” to gain a basis for our argument. Giving three examples of different cooperation initiatives, we will then try to give a synthesis and an outlook, suggesting better ways to implement development aid.

1. History of development aid and international cooperation

1.1 *Decolonization, UN Charter and Declaration of Human Rights: The Years 1930-1950*

Already in the 1930s and 1940s European colonial empires Great Britain and France began to finance infrastructure and educational activities in their colonies in Africa and Asia, while the USA financed agricultural research centers in several Latin American countries. Additionally, several aid organizations, especially from Christian churches, worked in the colonies mainly in the areas of public health, education, food security and potable water supply.

Officially, development aid began with the foundation of the United Nations Organization in 1945. The UN Charter states, in its Article I.3,

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to achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion

as one of the UN aims.

In 1948 the declaration was substantiated in the Universal Declaration of Human Rights, which states in its Article 25, paragraph 1:

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

1.2 International cooperation and development aid, 1950-1980

In the 1950s the United States gave financial aid and aid in kind to the European countries devastated by World War II. Gradually this reconstruction aid merged into a more general aid by industrialized countries for underdeveloped countries (as they were called then). Parallel to the accelerating decolonization process – especially in Africa – development aid was increasingly structured and fostered by academic justifications and reasoning (among others, see Lewis 1954 and Millikan & Rostow 1957).

The decade of the 1960s with its booming development aid was characterized principally by large scale technical projects and purely technical assistance. After several years the negative effects, weaknesses and ineffectiveness of this approach became obvious. Therefore in 1968, the new president of the World Bank, Robert McNamara, installed a commission which investigated the former 20 years of international cooperation and development aid. The commission, under the leadership of Lester Pearson, drew groundbreaking conclusions from their study: Development aid or international cooperation should add up to 0.7% of industrialized countries' GDP (gross domestic product) – an aim explicitly established in 1970 by the Organization for Economic Cooperation and Development (OECD) countries.

Furthermore, the commission stated that development cannot be induced by development aid, the latter can only and must accompany the political process established and implemented by the government of each country. The commission advised against political involvement and politicizing of development aid and demanded a more efficient implementation of budgets.

Not least because of this study, during the 1970s the focus of development organizations, headed by World Bank (WB), International Labor Organization (ILO) and the United Nations Development Programme (UNDP), shifted towards the developing

countries' internal poverty. The World Bank strategy was called "redistribution with growth" (Chenery et al. 1974), while ILO's approach focused on meeting the basic needs of poor people (Ghai, Khan & Lee 1980). The promotion of sectors like health care and education and a direct relief approach became increasingly important, raising the number of projects and the number of international experts working in these projects. This process was accompanied by heavily increased financial support for development aid until the mid 1970s, afterwards numbers remained static.

This decade was also characterized by an increasing importance of non-government organizations (NGOs) looking for and finding new areas of activity.

1.3 Budget reduction, international conferences and millennium goals:

International cooperation and development aid in the years from 1980 to 2009

In the 1980s the focus changed more and more to participation and gender aspects. Additionally, this decade is characterized by the following two aspects:

- Due to the announced necessity of budget reduction in several leading countries the development budgets decreased considerably.
- The neoliberal politics of the USA, Great Britain and other western countries also led international cooperation into accepting and using neoliberal strategies; in the following years these were especially maintained and reinforced by the World Bank and the International Monetary Fund (IMF).

In 1990, through the "Washington Consensus", this policy was formulated and defined in close cooperation with the US Treasury Department, World Bank and IMF, including ten steps for a "structural adjustment" of Latin American and Caribbean countries and their economies.²

Due to the implementation of the "Washington Consensus", beneficiaries of financial aid were now increasingly put under political pressure by international organizations and donor countries to reduce "inhibitory factors" for economic growth. Development aid was tied to the following conditions: Deregulation of national and

2 The ten steps are: 1) Fiscal policy discipline; 2) redirection of public spending from subsidies toward broad-based provision of key pro-growth, pro-poor services like primary education, primary health care and infrastructure investment; 3) tax reform – broadening the tax base and adopting moderate marginal tax rates; 4) interest rates that are market determined and positive (but moderate) in real terms; 5) competitive exchange rates; 6) trade liberalization; 7) liberalization of inward foreign direct investment; 8) privatization of state enterprises; 9) deregulation – abolition of regulations that impede market entry or restrict competition; 10) legal security for property rights. Though at the beginning only meant for Latin America and the Caribbean, the "Washington Consensus" soon became the guideline for development and international aid of all countries.

international markets, privatization of state public enterprises, reducing public expenditure and, as a consequence, mass dismissals. Budget discipline and privatization of public services, often implemented under great pressure by the international financial institutions (WB, IMF), had negative consequences especially for education and basic health care. The privatized public services in many cases lacked the necessary legal regulatory framework to control the private enterprise and guarantee the quality of the service.

Beginning around 1985, the amount of financial aid was reduced until the late 1990s, finally sinking under the budget level of the early nineties. On the other hand, the 1990s were characterized by a series of big international conferences which created the basis of the new orientation of development aid for the new millennium.³ The adjustment of orientation began with the “Millennium Summit” during the 55th United Nations General Assembly in New York in September 2000. The participating heads of state targeted the reduction of worldwide poverty by half until 2015, and established the following eight millennium goals:

- Eradicate extreme poverty and hunger.
- Achieve universal primary education.
- Promote gender equality and empower women.
- Reduce child mortality.
- Improve maternal health.
- Combat HIV/AIDS, malaria, and other diseases.
- Ensure environmental sustainability.
- Develop a global partnership for development.

The Millennium Goals created a change in all those involved in development aid. The focus now lay increasingly on the question: Who shall direct the development process? In the following years the notion that developing countries themselves should and must control this process became ever stronger and is now widely accepted. The respective guidelines were established specifically in the “Paris Declaration on Aid Effectiveness”, endorsed on 2nd of March 2005, where a great number of countries participating in development cooperation, international institutions and delegates of

3 Beginning with the world conference “Education for all” in 1990, Jomtien/Thailand; the “United Nations Conference on Environment and Development”, Rio de Janeiro 1992, until then the biggest international conference; the “Conference Habitat II”, 1996, in Istanbul, ending with an extensive declaration on sexual equality and international cooperation, among others; the “Kyoto Protocol” agreed upon in 1997 at the Kyoto Conference, aiming at the reduction of fuel gas emissions of industrialized countries, at the same time furthering sustainable development; and many other conferences.

civil society adhered and committed their countries and organizations to continue to increase efforts in harmonization, alignment and managing aid for results with a set of five monitorable actions and twelve indicators, meant to help measuring progress in achieving the Millennium Goals and the Paris Declaration. The five actions are:

- Ownership: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.
- Alignment: Donor countries align behind these objectives and use local systems.
- Harmonization: Donor countries coordinate, simplify procedures and share information to avoid duplication.
- Results: Developing countries and donors shift focus to development results and results get measured.
- Mutual Accountability: Donors and partners are accountable for development results.

Probably due to these discussions on an international scale since the beginning of the new millennium, there is, again, a clear tendency to increase the budget for development aid in numbers as well as in comparison of the percentage for development aid with the national GDP of individual donor countries. For more information, see the following table:

Budget trend of official development aid (DA)/numbers in %, 2001 = 100				
Year	Bilateral DA	Multilateral DA	Percentage per annum	
			Bilateral	Multilateral
2001	100.0	100.0	75.2	24.8
2002	111.2	101.3	76.9	23.1
2003	131.7	111.7	78.1	21.9
2004	151.5	145.2	76.0	24.0
2005	204.3	142.4	81.3	18.7
2006	199.1	158.6	79.2	20.8
2007	197.4	176.8	77.2	22.8
2008	228.5	199.7	77.6	22.4

Source: OECD statistical database: <<http://stats.oecd.org/wbos/Index.aspx>> (03.02.2012).

After this general outline of development aid in the decades since its beginning, in the following chapter we want to discuss the term “development”. Then, different development actors and their respective interests and aims shall be detailed, bringing us to a deeper understanding of different approaches to development used today in development cooperation.

2. Development

First of all, “development” is a term generally used in the context of discussions concerning our theme as the idea of an aim or objective to be reached by certain countries. This implies that certain countries have not yet reached a condition that other countries already have accomplished (namely: being “developed”); industrialized countries therefore setting the standards for the rest of the world. For quite some time since the 1950s, the definitions were relatively clear and easy: developing countries – called underdeveloped – lacked in development, therefore by giving them aid they should be enabled to catch up and ultimately reach the standards, example and ideal state that allegedly industrialized countries like the U.S.A., and Europe, had already reached. A high consumption level, possible because of a high general income of great population groups, possible because of high economic growth was the aim.

This very simplified definition and use of “development” was challenged heavily in the 1960s and henceforth modified and diversified, only to have a revival in the 1980s in the frame of neoliberal approaches to development already mentioned before. On a theoretical level the definition was amplified and consolidated, modifying the relatively simple ideas at the beginning to a much more complex system which, however, still lacks in coherence. The discussion received impulses from the work of the Brundtland Commission (1987) and the Rio de Janeiro Conference (1992).

In this paper we do not intend to discuss the term development in any deeper sense, but we need to mention some basic ideas in order to approach a concept of it.

2.1 Sustainability

Perhaps the most important concept related to development is sustainability. According to it, development should not be a short lived straw fire but a continuing process developed over generations. That implies a development which is not eroding its own basis; this being the most fundamental “secret” of sustainable development. But the long and controversial discussion of the concept reflects its problematic implementation, which is due to the complexity in managing development as a target process.

Sustainable development has been for some time, and still is, a frequently used word in conceptual documents and reports of many different organizations and

agents. Given the enormous complexity of the processes involved, the many structures that must be broken up and modified to achieve a controlled sustainable development process, given all the difficulties to first recognize and then include all the factors involved in the planning, in daily practice “development” is quite often focused on very narrow objectives, thus in many cases losing sight of sustainability. This is especially problematic because any development that is not sustainable can never be and is not development.

Lasting development should at least include:

- Social and cultural development, that is to say, equal chances in the society for everybody (men, women, social, ethnic, religious groups, etc.) in central areas such as education, health, distribution of wealth, etc., but also exertion of political rights, freedom of ideas and ideologies, use of native languages, among others.
- Economic growth not depending on the use of nonrenewable resources, using socially and environmentally non-invasive methods that do not generate non-revisable harm, an economy able to promote an adequate distribution of generated wealth, among others.
- Making use of the environment by taking into account and balancing the welfare of all living beings (human beings, animals, plants).
- Technological development subordinating techniques and technological progress to higher goals of a humanly and environmentally just world.

This still incomplete list of necessary factors shows that sustainable development is not a demand only for countries outside OECD, but must also be demanded very forcefully from OECD countries. The list also shows that development cooperation should and can never be a unilateral process, can never follow a simple North-South line. The focus should shift from development to a balance between development and cooperation.

3. Actors of Development Aid and International Cooperation

Development Aid involves a series of actors and multiple reasons to take part in it. In the following we will name the most important of them.

- **Donors:** The most important donors are Governments, non government organizations, churches and private funds.
- **Stakeholders:** Stakeholders in the first place are the beneficiary governments and their population. Development aid can – and since the Paris Declaration should – be implemented by the beneficiary governments themselves,

though it generally still centers on sub-state institutions, local organizations and groups, and is not directed at or by government institutions. Also, there is the ever increasing group of local experts, working for international donors, and at least partially acting in the donors' interest. Last but not least there are numerous experts and other actors working for the different donors.

- The complexity and heterogeneity of this multitude of actors, their inter-relations and differing interests, combined with their different social, cultural and economic heritage provides for a great number of cultural gaps that often make effective communication and understanding difficult. We will analyze briefly the differing interests, as well as the professed and real reasons to take part in development aid, and their consequences for this process.

3.1 *Donor Level*

The reasons given by donor countries as to why they engage in development aid generally circle the following themes:⁴

- Generating economic growth in the benefiting countries, in many cases with the hope that a general growth of world economy will be good for the donor countries national economy.
- Promotion of ones own export economy.
- Strengthening relations to allies so as to strengthen ones' own political interests and self-assertion in world politics.
- Historical reasons, mostly national history as a colonial empire and the feeling of guiltiness attached to it.
- Better use of global resources and minimizing negative effects this use can have.
- Reduction and prohibition of immigration – especially illegal – into OECD states.
- Moral/ethic reasons, for example solidarisms, reparation or making amends for harm done in former colonies or because of imperialistic politics.

⁴ We want to remind the reader that humanitarian disaster relief is not object of this paper.

3.2 *Beneficiary Countries*

The interests of beneficiary countries are less explicit but also less varied. Countries generally give the following reasons why they need development aid:

- Influence of European and North American imperialism causing their situation at least partially, resulting in a claim for amendments; this argument is used lately in the context of global climate change, this supposedly being caused only by rich industrialized countries, damning poor countries to suffer the consequences.⁵
- Low financial potential of governments and general poverty of the population, constituting a moral claim for solidarity of the richer part of the world.

Generally, those reasons are heavily interwoven. The historical reasons resulting from the times of conquest, imperialism and colonization in many cases combine very well with reasons targeting the maintaining and growth of political and economic relationships to former colonies, often also combined with a heavy dose of moral and ethics.

The list above makes it clear that donor countries are conscious about their self-interest in granting development aid. This might be a strong motivation for donors to increasingly put the responsibility for the implementation of financial aid into the hands of beneficiary countries, as is foreseen in the Paris Declaration. The enormous implementation costs of development aid surely represent another motivation: Costs that – allegedly – can be avoided by directly giving the budget into the national structures of the beneficiary countries.⁶

Bilateral and multilateral financial aid is increasingly negotiated, agreed upon and submitted from government to government or international organization to government. This allows for an ever increasing influence by beneficiaries on the use of financial aid (“what for” and “how”) and henceforth an increasing responsibility for the budget and its implementation.

5 An argument difficult to maintain in this simple form. Undoubtedly Europe, North America, Australia and Japan have blown much carbon dioxide (CO₂) into the atmosphere and continue to do so. But today, China is the biggest polluter and producer of CO₂; and massive deforestation of tropical rain forests as well as grand scale forest destruction in Middle and South America and Asia contribute much to aggravate the situation. Finally, all countries are avid users of modern technology developed by industrialized countries.

6 There are indications that this argument is not at all true because it only takes into account the narrow focus of spending the money. Taking into account all the economic, political and social costs budget support can have, this might well be the most expensive method; see the polemical but interesting work of Moyo (2009).

Therefore, the lack of conscience often found in beneficiary countries about the real reasons for being a country in need of aid, is alarming. Generally, only the above mentioned reasons – imperialism/colonialism and moral/ethic solidarity – are brought up, without realizing deeper reasons for a deficient development, as for example:

- Level of corruption.
- Weak governments and institutions.
- Lack of good governance.
- Lack of equal access to education, economical chances, wealth.
- Lack of economic, cultural and social equality.

In quite a number of countries there is not even the will of the leading classes and governments to try to constitute a (real) nation that would defend every one of its citizens and would permit them equal chances. Anyhow, the above mentioned reasons are fundamental for the understanding and analysis of deficiencies in development.

To name the reasons, analyze them, and then reduce and finally eliminate them is one of the most important tasks for all involved – a task that has been scarcely initiated by donors as well as by beneficiary countries.

The many cultural gaps in all the mentioned themes become quite obvious – sometimes stemming from an active conscious denial of reality – for example in the quite naïve idea of officials in Brussels, Berlin, Paris, London, Washington, New York, Tokyo and elsewhere in the donor countries, who presume that their counterparts in Cairo, Nairobi, Manila, Managua, New Delhi, Lima and similar capital cities work in structures that are just like the ones they are working in themselves. Officials in OECD-countries normally work in relatively efficient, solid institutions in long-term or life-time contracts, while officials in beneficiary countries work and live according to an extremely different logic: obtaining their work by political relationships, seldom with a longer perspective than unto the next election, generally being submitted to a political clientele, having to serve their political supporters up and downstairs. These obligations and pressures on every official are part of institutional structures in many countries and are nearly impossible to evade by individual officials, therefore having nothing to do with lack of moral fiber. Often, a network of obligations binds the actors to interests widely differing from what development aid is intended for and what has been negotiated between governments.

Even more naïve is the persistent belief that by simply inverting money and programs into bureaucratic structures of often doubtful quality, development would somehow automatically begin to evolve. Normally, this does not even work in OECD countries, often worsening or distorting a situation or resulting in the contrary of what was intended.⁷

These points will be further analyzed in the discussion of development aid strategies below.

3.3 *Non-government organizations*

Officially, non government organizations (NGOs) working in development aid justify their work morally, based on social ethics and the assumption that we all should aim at achieving a free and just world. This is the strongest fund raising argument, appealing to the conscience and goodwill of potential donors. Long since, the big and influential NGOs are closely joined with individual governments or supranational organizations (especially European Union, EU), receiving most of their funds from them. There is clearly a trend in NGOs to also become commercial development agents, apart from being NGO, thus diluting their original moral motivation more and more by commercial interests.

NGOs need and often count with highly motivated and trained experts to accomplish their work, a fact that on the other side constitutes a driving force for growth of individual organizations.

Contrary to bilateral government development aid, NGOs generally implement projects directly or with partner organizations in the regions. They often have very extensive knowledge about the region in which they work, thus being able to bridge the cultural and social gap between outsiders and direct local beneficiaries better than others. On the other hand, NGOs are not very well integrated into the Paris Declaration process. NGOs are especially strong in the area of disaster relief and emergency aid, due mainly to their knowledge about regional and local situations and their flexibility.

7 A sad example is the EU agricultural subsidy politics. Initially designed to guarantee food security and foment agricultural production inside EU, it actually lead to an overstocking of world market with cheap European agricultural products, EU subsidy politics being partially responsible for agricultural and fishery disasters especially in great parts of Africa and other parts of the world. At the same time EU-policy breaks up small-scale agricultural producers in Europe because subsidies traditionally and until today primarily benefit big-scale agricultural enterprises and factories while putting small and medium sized farmers at a disadvantage.

3.4 *Church Organizations*

The same characteristics as for NGOs apply for church organizations, though their financing depends in a lesser degree on national governments or international organizations. Their motivation is clearly driven by Christian social ethics, and some organizations engage more or less openly in mission activities (conversion by development).

Church organizations are especially strong in the area of disaster relief and emergency aid; their development aid in general is characterized by a long-term planning with small budgets. Therefore, church projects are often successful especially in poor regions.

3.5 *Private Foundations*

Like NGOs and church organizations private foundations and donors are based on moral principles; normally they do not themselves implement projects but give commissions to NGOs or church organizations.

3.6 *Actors of Donor Organizations*

As multifaceted as the motivations and manners of donors are the motivations of people operating for donors and their working conditions. One important distinction lies in the origins of experts: On the one hand those from OECD countries – and increasingly other countries – sent to developing countries (international experts), and on the other hand local experts.

Furthermore, there are important contractual and ideological differences between a state or supra state organization employee, an international expert sent by a consulting firm to work in a certain project, voluntaries and other informal assistants, and all those working in NGOs or church organizations. Some of these actors are principally motivated by economic advantages, looking at project choices from that perspective, while at the other extreme people accept economic and other disadvantages because their motivations are primarily ethic and moral, and they are driven by their conviction to do something meaningful for a better world. Both motivations have great repercussions on the way a project works.

This reveals itself – for example – in typical development projects for poor rural populations: While projects implemented by consulting firms or greater organizations tend to act in a rather un-sensitive way with respect to local economic and social networks, church organizations and NGOs tend more to respect and work well in local contexts.

We already mentioned the existence of cultural gaps between donor and beneficiary countries or institutions. Generally speaking, this gap is more visible the nearer

one gets to the project activities on a local level. This is relatively easy to explain in the case of external experts, generally coming from donor countries and having internalized their cultural system and norms. These differ considerably from the norms, rules and culture in the local project context.

However, the problem is not automatically solved by incorporating more local experts. The cultural gap between educated urban middle classes, from where the experts normally come, and the urban or rural lower classes – usually the beneficiaries – is often considerable and sometimes even greater than it is with people from the outside. In both cases it is not only the surely always existing arrogance or a paternalistic attitude of those who “know better” and “do better” and, to cap it all, can afford to give “alms to the poor”, but also genuinely different cultures that often make it hard to understand each other.

4. Approaches to development aid

There are not only multifaceted actors; there is also a multitude of approaches to development and of how to implement the financial aid at disposal. We can distinguish the following categories:

- Projects or programs with a defined objective, financed by bilateral or multi-lateral cooperation.
- Projects implemented by NGOs, auto-financed or financed with additional funds.
- Direct subsidies to specific sectors, the so-called sector approach, generally intended to achieve a specific goal (for example, construction of school buildings) or direct support to the general national budget of the beneficiary country, the so-called budget support.
- Financial development aid, characterized by giving project or program credits with soft conditions.
- Other contributions, for example cash transfer by immigrants sending money to their relatives at home, development efforts by the governments themselves, and not least direct investments of enterprises in developing countries, among others.

Today, all these methods and contributions are implemented and used. We cannot decide where the future focus of international cooperation might be, or whether today's plurality is already the future.

As we have already mentioned, in the history of development aid certain periods are characterized by specific focuses. Development aid began as and was always financial cooperation, many times in the form of budget support. Beginning in the 1970s

and stronger still in the 80s and 90s, projects became the main way to implement development aid. Again, in the late 90s, the project approach was challenged for several reasons. In the discussions finally resulting in the Paris Declaration, projects were blamed for creating structures parallel to state structures, thereby undermining state institutions. They were blamed for not being incorporated into national politics and strategies, looking for individual approaches and solutions and, most of all, making the participation of beneficiary countries in decisions more difficult.

Since the declaration of the Millennium Goals in 2000, intensive discussions about the best development strategies have grown deeper and broader, making it possible and necessary to look for new ways, and finally leading to the already mentioned Paris Declaration focusing on the decisive role of beneficiary countries in the control of development processes. Instigated by these discussions, more and more donors subscribe to the direct support of national budgets or sector financing, among them as important ones as the European Union.

At the moment, bilateral and multinational projects seem to be condemned to death and are nearly exclusively found in the area of “good governance”, with advisory functions on national, regional and local levels. On the other hand, development aids history shows that a dominant approach at its height normally already carries its downfall. If the first clear hints do not deceive us, it seems unlikely that budget support will still be the dominant instrument of development aid in the next decade. The following table explains the principal advantages and disadvantages of the different approaches.⁸

5. Examples of International Cooperation and Development Aid

In order to illustrate our discussion we first want to reflect briefly about some of development aid projects’ main problems and subsequently present three practical examples from different Latin American countries with different financing arrangements and donors.

8 This can only be a general overview, each point requiring a deeper analysis. The discussion of individual points, for example budget support, is still too uncertain to conclude with certainty from the literature. Though everything mentioned under the above point 5 surely contributes to a country’s development, it is not the subject of this paper and therefore not included in the table.

Approach	Advantages	Disadvantages
Projects or programs with a defined objective, financed by bilateral or multilateral cooperation.	Direct intervention in pre-defined groups or regions. Relatively easy control during the process (flexibility). Generally good and secure financing. Qualified technical assistance. On-site attendance of project staff.	Creation of structures parallel to state structures. Replacement of the state in important areas. High costs due to creation of separate structures. In many cases decisions about project activities and goals bypass state planning. Generally over-financed, therefore with problems to find appropriate technological solutions.
Projects implemented by NGOs, auto-financed or financed by additional (government or international organization) funds.	Direct intervention for specific, pre-defined groups. Access even to small, minority groups. Generally counting with low budgets, favoring appropriate technological solutions. Qualified technical assistance. Mostly local/national staff. Strong on-site attendance.	In many cases decisions about project activities and goals bypass government planning, adhering to rules made up by the individual NGO. Possibly higher costs due to creation of parallel structures.
Financial development aid, characterized by soft condition credits for projects or programs.	Similar to sector or budget approach, but the process of credit arrangements coerces governments to a deeper analysis of the necessity and utility of measures financed by credits.	Financing agencies often directly or covertly interfere with government matters that not necessarily have a connection with the credit objective. Authoritarian governments can heavily indebt their countries in order to maintain themselves in power, backed by credits. Over-indebtedness has a negative influence on the future development of a country.

Project ideas are often supposed to be developed in a participative way, while they actually represent the interest of donor and beneficiary governments. This frequently creates projects that, while being intended to solve problems of the beneficiary population, are in fact planned and implemented according to donor and project staff logics and ideas, therefore not being able to meet the necessities of beneficiaries or to solve their problems.

Good examples for this tendency are basic health care projects. The construction of centralized potable water systems with deep wells, requiring the constant use of electrical or diesel pumps and generating high maintenance and utility costs, generally are not in the beneficiaries interests nor are they born out of beneficiary demands.

Similar problems can be observed in respect to many waste water systems and latrines. In the case of latrines the specific needs and cultural ideas of beneficiaries are frequently not taken into account, while in the case of waste water systems the respective installation and maintenance costs are often not adequate and cannot be accounted for by the beneficiaries.

These problems could be remedied by detailed planning of infrastructure together with the population. The infrastructure should:

- Be due to needs and necessities of the beneficiary population.
- Solve a problem perceived as such by the beneficiary population.
- Be easily usable for the beneficiaries.

Although, solving the mentioned problems requires the project management and staff to adapt their intervention and knowledge to the local context.

As a result of such planning procedures the applied technologies must be socially, economically, institutionally and geographically adapted to the local context. Projects planned in this way on one side would be considerably cheaper, on the other side would require a somewhat longer project period: Both points are in opposition to the administrative logic of most development aid donor organizations with their fixation in an enhanced budget flow.

6. Honduras: Projects ALA86/20 and ALA86/20-B (1987-1995 and 1996-1998)

The project aim was to improve basic health in the Honduran departments Francisco Morazán and El Paraíso, building potable water and sanitation systems (latrines, sometimes water closets) in rural areas. In a first phase from 1987 to 1995 and in a second, completely altered phase from 1996 to 1998 the project had its own staff and was directed by a European and a Honduran director with equal rights and duties in co-direction. The project answered to the EU commission and the Honduran Health Ministry, its personnel was put by the Ministry, or were international or national

consultants paid by EU funds. The costs for material, education, training, transport, and administrative costs were also paid for by EU funds.

Planning of project goals, manner of implementation and technologies to be used, were directed mainly by the project in accordance with the Honduran Health Ministry and the European Commission (EC). The direct beneficiaries had practically no possibility to influence the manner of implementation or the project goals.

In its first phase the project concentrated on construction. Over 400 potable water systems and more than 100.000 latrines and water closets were built. In every village a *Junta de Agua y Saneamiento* (water and sanitation committee) was installed as accompaniment to the construction work, and families received "house visits" from project health promoters giving "education" about health and hygiene concepts.

At first view this seemed to have solved a huge sanitation problem. But an evaluation toward the end of phase 1 showed that many water systems, after a short time, did not work adequately or not at all and that often latrines and water closets were not used.

Among a series of reasons, the main problem was the complete failure to incorporate the people and the communities into project activities. It was the project who predefined, without consulting the beneficiaries, the problems to be solved and the technical solution to be implemented. So, a number of pipe systems were far too expensive to be maintained by poor rural communities. In many cases there was no adequate communication and training, and consequently no willingness to pay water taxes or maintain the infrastructure. People saw the construction work as something forced upon them. Latrines and other measures in many cases were not a necessity of the population but sprang from Honduran urban middle class concepts which had very little connections with rural culture and population.

Given this situation, the EC prorogated the project for three years, commissioning another project team under the obligation to re-direct the project: The second phase should make socially acceptable and integrate the already terminated infrastructure as well as future constructions.

In an agreement of all responsible parties, the project focus was therefore redirected to the necessary social processes to obtain the population's acceptance of the infrastructure: Water and Sanitation Committees were determined in democratic elections, water fees settled transparently and publicly. Public health education was put into the hands of the population, giving health promoters the role of process initiators and facilitators, this way instigating a horizontal learning process not based on external concepts and ideas.

The center of the new concept was the idea that the population takes responsibility for their situation, the project offering help, but at the same time accepting, that

in some cases no help was solicited. Project activities for a specific village were to be planned with the village population, which had to give a contribution. A community requiring the construction of infrastructure had to contribute at least 20% of cash costs. Communities with infrastructure constructed in phase 1 with bad or very bad health indicator values (cases of diarrhea in children under the age of five years) received help for their health self-organization and self-training.

In addition, local networks were strengthened, intending to create departments in municipality administration for basic health care and water administration (including improvement and protection of water gathering areas), which ideally should cooperate closely with local health and school administrations. The resulting network based on health, school and water administration and committees in combination with voluntary health promoters and close cooperation with local governments then would be able to confront basic health care problems integrally.

In its second phase the project was widely acknowledged as successful. Many villages with water systems and latrines developed an adequate social organization (water committee plus local voluntary promoters plus local networks) and the population understood that it would be their responsibility to give maintenance to the sanitation infrastructure.

But there were problems too. Only the generous financing by EC made this kind of work possible, so that it could not be repeated and therefore cannot be a solution for other rural areas of Honduras. But the biggest problem by far was caused by Hurricane Mitch and the related destruction and consequent emergency and development aid interventions.

In the first time after Mitch, many villages and municipalities that had cooperated with the project before were able to cope with their problems at least partially and repair the destroyed water systems provisionally or completely. In view of the devastating destruction, the EC issued the Regional Program for the Reconstruction of Central America (*Programa Regional de Reconstrucción para América Central* – PRRAC) with generous funds and for the first time with a decentralized administration by the EC delegation in Nicaragua.

Unfortunately, at the center of most of the 16 PRRAC projects (one of them in the region formerly attended by project ALA 86/20b) there was again infrastructure and again the population's cooperation in the decision making process for projects and programs played a secondary role. Therefore, many of the projects constituted a drawback with regard to goals already achieved before and lessons already learned.

7. Bolivia: Project PRAS-Beni (Proyecto de Agua y Saneamiento en el Beni) in the Bolivian lowlands (1998-2002)

PRAS-Beni focused on two areas:

- Improving water and sewage systems in larger communities of the Bolivian department Beni, and
- Providing potable water solutions and latrines in small, widely dispersed villages of the department.

The potable water systems of four greater communities were improved and in the second largest city of the department a sewage system was built. In this respect, PRAS-Beni was limiting itself to the construction of the infrastructure and to the strengthening of the already existing and badly functioning cooperatives of water and sewage systems by training their personnel and strengthening their communication with other cooperatives.

Activities in rural dispersed settlements followed a completely different design. In an evaluation phase the status quo of the current situation was recorded, especially referring to demographic data and organization patterns of the population; in village meetings it was discussed if the population wanted and needed water and latrines, also discussing the conditions under which they could participate and collaborate with the project (requirement of organization and financial self-commitment).

The evaluation team included engineers, technicians and sociologists or social workers.

In the next step 40 candidates from different project regions, proposed by and their integrity vouched for by the local municipal administration, were trained as local experts for well-drilling and latrine construction. In the same way 40 candidates were elected and trained as promoters in social organization, sanitation and health care.

The promoters were then sent to their regions of origin and began a 6-month sensitizing period in basic health care and sanitation, strengthening village organizations and preparing the population for the construction work (hand-drilled wells, installation of hand-made pumps and construction of latrines). As a result, 285 small villages and hamlets all over the Department Beni counted with potable water and latrines and with a considerable number of health promoters, some of whom were later incorporated into local or municipal services to continue their work. The local experts trained in well-drilling and pump-construction began work as small-scale enterprises. During the well-drilling activities in each community a group of women and men was trained in the construction and maintenance of hand pumps, so that in the case of problems the users were able to repair them by themselves.

PRAS-Beni was able to mobilize a considerable part of the rural population of the Department Beni with respect to village organization, health care training and gender issues.

There were, of course, problems. The water of deep-wells sometimes didn't have the desired quality, containing salt or being milky and deteriorating the water's taste, so that people went back to use rain water deposits, this resulting in increased health risks. The latrines not always complied with local cultural habits – the Department Beni has a great number of different cultures – causing problems with their use. Additionally, it is not sure if the sensitizing in sanitation matters will be sustainable.

The reason for most of the problems is to be found, as is the case in most projects, in the external design and decision making of the project structures and goals by governments and donors. Projects in many cases have to be implemented relatively quickly and with relatively huge sums of money. Experience shows that generally speaking it is better to plan projects with less money but much more time, so that the necessity of and demand for interventions by the population, and the ways projects should and can be implemented, can be analyzed and planned accordingly.

8. German – Peruvian Counter Value Fund (Fondo Contravalor Perú-Alemania – FPA)

The third example we want to analyze follows a very different approach: The German-Peruvian Fund (FPA) resulting from a debt swap agreement (1997) between the governments of both countries. In its first phase from 2003 to 2008 the FPA spend around 12 million € and financed 219 small projects in the poorer municipalities of Peru, focusing on local good governance and small infrastructure projects (water and sanitation, roads, irrigation ditches). The second phase began in 2009, and after a considerable increase of its funds will last for six years. The fund is directed by a Peruvian and German co-direction under the supervision of a tripartite committee with delegates of the Peruvian government, Peruvian civil society and German government.

The objective of FPA is to co-finance small-scale projects in socially important infrastructure like potable water, sewage and sanitation, improvement of irrigation ditches, improvement of rural transport infrastructure (small secondary roads and bridges), fostering of integral waste treatment including recycling, and enhancement of local good government (mainly economic and territorial planning on district level). The FPA acts according to the following principles:

- Competition among project proposals to achieve high quality projects via periodical calls for tender: interested local alliances may present their proposals.
- Creation of local alliances: For a project proposal to succeed, FPA requires

the constitution of a local alliance including at least the beneficiary population and the municipal government, but ideally including provincial or department governments, NGOs and/or private enterprises; the aim being the widest possible incorporation of different actors and an assurance for the projects adequate use and maintenance.

- Poverty reduction: FPA intervenes in regions selected according to poverty criteria. Project proposals from especially poor communities receive higher marks in the selection process. Moreover, FPA only requires a project proposal and not an elaborate technical plan in its calls for tenders. Many poor municipalities do not have the required qualified staff to elaborate sophisticated technical plans.
- Focus on demand: FPA has the possibility to finance projects, but no pressure to do so by any of the parties involved (need to spend the money generally is the rule in projects). This enables the FPA to finance only projects with a real demand by the population, which in turn gives at least a certain guarantee for sustainability.
- Co-financing: FPA does not finance 100% of any project. Municipal governments and beneficiaries have to finance at least 20%, a great part of which has to be in cash. This is to guarantee, up to a certain degree, that projects are really in the best interest of the beneficiary population and a real necessity for them and that the technical solution applied will be according to the local context, therefore guaranteeing a greater probability of sustainable maintenance and supply.
- Project implementation by local entities: FPA projects are exclusively implemented by local entities – generally the municipal government. The entity contracts necessary experts, purchases the stock needed for infrastructure and is responsible for the project's implementation. FPA only gives technical assistance, supervision and selects the organizations responsible for training and professional education in adequate use and maintenance of infrastructure.
- Administration and maintenance plan: Every project is required a plan for administration and maintenance on a long term basis. Therefore, the project demanding population is trained and organized by a specialized entity, contracted by FPA at the expense of the individual project.

The cooperation based on the mentioned principles allows FPA to achieve a high impact with a low budget. Compared to the usual project, the administration costs of 8% are low and apart from the FPA office, there is no parallel administrative structure. The appropriation of development aid by the beneficiaries, one of the goals of the Paris Declaration, is taking place on the local level, because local entities (municipalities

and communities) themselves implement the measures and are the principal actors.⁹ Sustainability is not always guaranteed but much more probable than in interventions that do not use:

- Local alliances.
- Previous obligations of future users to pay a regular contribution for the maintenance of the infrastructure.
- Organizations of beneficiaries guaranteeing the adequate use and maintenance of installations.
- Social mobilizing incorporated in the process.
- Successful implementation of a project by local actors, which in turn strengthens local governments' capacities in a broad sense.
- Strengthening of decentralization.

Even unsuccessful project proposals (when a project is rejected) are instigating a positive learning process that makes future proposals for other donor organizations or future FPA calls for tenders more successful.

9. The content of development

Looking at the multitude of actors and their interests and at the multiple approaches to finance projects, budgets, public and private initiatives, it becomes clear that development aid is a very complex and complicated process. That makes it quite difficult to judge the usefulness or validity of any single approach or of the entire development aid. We do not intend to do so. In the context of this article, it is of more use to briefly name the aims, goals and objectives, that is, the contents of development and its processes.

After having discussed the concepts and given some practical examples, now at least we may state that development is:

- Primarily a social process taking place on different levels (international, national, regional and local). This social process encompasses state institutions, private organizations and the society in general, but especially local communities in which "development" shall be promoted or fomented.

⁹ In spite of all the justified demands of control over the development process made in the Paris Declaration by countries receiving funds, generally the local government level is disregarded by the national actors in the decision making processes. FPA in this respect works as an articulation between national and local level.

Unfortunately, the international discussion on development politics still concentrates on financial and administrative aspects, thereby constantly missing the main goal: to promote and strengthen a social process in development.

- Development is a socially all-embracing process inside a society. Generally it is not adequate to concentrate on one specific problem, which makes purely infrastructural projects – without any form of social interaction – so likely to be unsuccessful. Development should always consider the social and institutional network, inside of which development shall take place.
- Development needs a budget. But amount, use and administration of budgets shall never determine the rationalities of development aid but are only a means to an end. The development process, and the definition of development, must be the center of thinking and acting in development aid. The international discussion's extreme concentration on financial means, for example in the percentage of GDP that rich countries should give to poor countries, or in the grotesque bureaucratization of development aid by many donors, has not even grasped the proper subject of development.
- Development must be and must be meant, as a global process. Our fixation on “developed countries” and “countries in development” brings us to the wrong conclusion; namely, that one part of the world already achieved something that the rest of the world still fails to achieve. In our time of global crisis – climate change being only one of many examples – development should be seen as a global social process, encompassing all countries and all people. An adequate definition of development – still due – therefore ought to show us the direction development should take and where we face which deficits.¹⁰

10 Such a definition would have to incorporate problems of hunger, poverty, education, but also increasing obesity, waste of resources, destruction of life basis not only for human beings, and many other aspects of modern life. With such a definition it would become clear that all societies and nations have “underdeveloped” as well as “developed” aspects. A society depending on the waste of non-renewable resources like oil, gas, air, water, therefore shows a considerable development deficit. Development politics including these deficits as well and elaborating possible solutions could accelerate and enrich the discussion considerably.

10. Conclusion

The discussion of development is far from any final result or at least relatively sure conclusions. Blustering government declarations about development therefore, in the best of cases, do not have much background, expose a lack of knowledge or in bad cases is calculated misinformation of the public.¹¹

For the same reasons, simple solutions – as they are often proposed by interested parties – cannot be recommended. The two extreme positions state that development aid should be considerably increased (financially), which supposedly would eliminate hunger and poverty, and on the other hand that development aid causes much more damage than it benefits. Because of a lack of data it is still not possible to get to any conclusions on the matter. But what is more important is that both positions clearly miss the point: Development in a globalized world should always be seen as a social process and must ask questions like “What do we (globally) want?”, “How do we achieve this?”, “Where are our deficits?”, “What can we do to eliminate the deficits?”.

Based on the discussion of these questions we must in the first place consider and reflect upon social and ecological costs or gains, and then on financial costs of possible actions, the financial discussion being an integral part – but not the center – of the discussion of the whole process.

Unfortunately, we cannot give answers or solutions to the problems named in our paper. Anyway, that was not intended here. What we wanted to do is give some hints and impulses to future investigation and show the importance of social processes for such an important subject. Our propositions are:

- Development aid is an open process that must be reflected and questioned continually.
- Development aid is one – out of several – important means in the elimination of poverty, hunger, and lack of education and is therefore indispensable.
- There is no sole correct solution for development aid, different approaches apply for different situations and contexts and should be questioned and adapted continuously.

11 These declarations cause the periodical changes of development aid paradigms. One time the right way is projects and international experts, next time projects are damned and budget approach is the cure-all. Decision for or against one or the other approach generally is not based on firm data base, but is likely to be the result of political pressure or decisions based on certain buzzwords or concepts being en vogue. As an example, see EU politics from projects to budget approach. Regularly, EU-experts warned that budget approach would cause many problems, but regularly such warnings were not heard by decision makers.

- Development aid needs democratic structures, authoritarian structures can only succeed for short periods of time and lack the necessary social basis.¹²
- The current approach to development aid is a one-way street from rich to poor; it is not reciprocal and therefore not adequate.
- The one-way approach to development aid is based on deficient concepts of “development” and “being developed”. Development must be defined in a new way, as an integral process in a global network with higher goals than financial or economic aspects.
- Development concerns and affects everybody, not only some donor organizations and the countries defined as poor. Development aid approaches not considering strength and deficits of all parties involved risks to mend one problem while at the same time causing another one.

With our paper we want to instigate social sciences to engage and investigate more and deeper with development. Development as a social process must be a priority subject of social sciences. The dominance of economists, engineers, administrators and politicians in the discussions and decisions on development should be a challenge for social scientists to end the one-dimensional discussions and develop a multi-dimensional view of our future.

Such a discussion could become a very fructiferous process taking us from the arrogance of “developers” and subordination of the “developed” to commonly defined principles of development and of the means and methods to achieve the goals. A world free from hunger, with good education for all, people in good health and with a minimal waste of resources is worth all our efforts.

12 This is true for all actors, that is to say, also for the structures in rich countries. A bureaucracy responsible for development aid but without democratic control is in risk of forgetting the goals of development and tends to confuse them with the means at its disposal.

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